

REUTERS

Dow, S&P up with oil sector

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By Walker Simon

NEW YORK (Reuters) - Stocks rose on Thursday as energy companies rallied on a new oil price record and job loss data for June was not as weak as some feared.

Oil hit a peak of \$145.85 a barrel before erasing most gains with the approach of the long holiday weekend marking U.S. Independence Day on Friday. Exxon Mobil Corp rose nearly 2 percent and rival Chevron Corp gained 1 percent. Exxon and Chevron ranked among the biggest advancers in both the Dow industrials and the S&P 500.

In a shortened session, with regular trading set to end at 1 p.m. EDT, volume was light.

On the economic front, the Labor Department said U.S. employers cut 62,000 workers from their payrolls in June for the sixth straight monthly decline, but the losses were less severe than some had feared. Economists polled by Reuters expected a decline of 60,000 jobs last month.

"The numbers weren't as bad as they could have been," said **Joe Saluzzi**, co-manager of trading at **Themis Trading in Chatham, New Jersey**. "Some people had feared 100,000 in job losses or more."

The Dow Jones industrial average <.DJI> was up 101.77 points, or 0.91 percent, at 11,317.28. The Standard & Poor's 500 Index <.SPX> was up 7.05 points, or 0.56 percent, at 1,268.57. The Nasdaq Composite Index <.IXIC> was up 6.12 points, or 0.27 percent, at 2,257.58.

The Nasdaq rose less than the other major indexes as semiconductor stocks suffered after graphics chip maker Nvidia Corp cut its sales and profit margin outlook, citing global market weakness.

Nvidia shares sank 29.8 percent to \$12.65 and ranked among the Nasdaq's biggest percentage losers. The semiconductor index <.SOXX> shed 0.3 percent.

The dollar's rise helped sentiment since oil is priced in the U.S. currency, Saluzzi said.

The dollar gained after the U.S. payroll data suggested the job market had not deteriorated as much as many had feared while the European Central Bank's president struck a less aggressive tone on prospects for rate hikes in the euro zone.

U.S. oil futures gained 16 cents to \$143.73 a barrel.

Exxon Mobil shares rose \$1.53, or 1.8 percent, to \$88.97 and Chevron rose \$1.36, or 1.4 percent, to \$98.78, both on the New York Stock Exchange.

Aetna Inc shares dropped 6.8 percent to \$37.11 and Health Net Inc tumbled 11.3 percent to \$22.75 after a Goldman Sachs analyst slapped "sell" ratings on the two health insurers' stocks on Thursday.

The Morgan Stanley Healthcare Payor index <.HMO> fell 3.5 percent.

On the economic front, the Institute for Supply Management reported that the U.S. service sector shrank in June, surprising Wall Street economists who had expected an expansion. The report showed inflation pressures soared to a record high for the survey's 11-year history.

The services data sent the S&P 500 to a session low of 1,252.01 -- more than 20 percent below its October 2007 closing high. To confirm a bear market, the S&P would have to end the session at that level. On Wednesday, the Dow sank into bear market territory.